

O 030645Z FEB 09
FM AMEMBASSY BEIRUT
TO SECSTATE WASHDC IMMEDIATE 4125
NSC WASHDC PRIORITY
ARAB LEAGUE COLLECTIVE PRIORITY
EU MEMBER STATES COLLECTIVE PRIORITY
USMISSION USUN NEW YORK PRIORITY
USMISSION USNATO PRIORITY
CDR USCENTCOM MACDILL AFB FL//CCPA PRIORITY

UNCLAS BEIRUT 000135

STATE FOR NEA/ELA - LAWSON, NEA/ELA - IRWIN, NEA/PPD, R,
INR/R/MR, INR-PARENT,
NSC - MCDERMOTT

E.O. 12958: N/A

TAGS: [PREF](#) [PREL](#) [KMDR](#) [OPRC](#) [KPAO](#) [KISL](#) [KPAL](#) [LE](#)
SUBJECT: Lebanon -- The Daily Star is Back

11. Summary: English-language Lebanese newspaper The Daily Star returned to publication on February 2, after having been closed since January 14 in a dispute over unpaid loans with the Standard Chartered Bank. End Summary.

12. The publisher of the Daily Star, Jamil Mroue, told Arab nationalist As-Safir newspaper on January 29 that "the speed with which the decision to close the paper was implemented surprised the proprietors of the newspaper, since they were not given the legal grace period required prior to the implementation of such a decision. '...the declaration of any company's bankruptcy [by the creditors] does not go into effect until 30 days have passed, to give the opportunity to file an appeal. As for the newspaper, the decision was made and implemented within an hour and a half. We suddenly found the (the judicial delegation) closing our offices in the afternoon, in the midst of our workshop, in order to stop immediately (us from) publishing.'" Journalists at The Daily Star told us that they were not even allowed to take their personal belongings, including personal computers, and were ordered out of the newspaper building on January 14.

13. As-Safir newspaper said that the relationship between The Daily Star and Standard Chartered Bank, whose headquarters are located in Dubai, started approximately ten years ago, after Standard Chartered bought the Metropolitan Bank, which the newspaper had dealt with originally. Mroueh explained that the real problem started in July 2008 when the bank threatened to declare the newspaper bankrupt. He said, "When the bank threatened to declare us bankrupt, we explained to those responsible our difficult working conditions during recent years, starting with the assassination of former Prime Minister Rafiq al-Hariri in 2005, the repeated assassinations and security incidents that paralyzed the country for days after each assassination or bombing, and the 'July offensive' and the Israeli siege. It is true that the bank has a right to recover its funds; however, we told them that there were almost 500 days, during which we did not work. To resolve the problem, in July 2008, we proposed that they take possession of the mortgaged lands (collateral for the loans), the value of which is equal to the owed money, but did not receive an answer. We were surprised about the bankruptcy declaration on 14 January."

14. Responding to a question from As-Safir on whether there was political pressure behind the decision to shut down the newspaper, Mroueh said: "We always look for 'backdrops' in Lebanon. There must be a hidden element; however, stupidity is the only thing that can justify the reason for the closure today. If there is another reason, we are bound to discover it later."

15. In its "We're Back" commentary on February 2, the newspaper did not explain the nature of the settlement that was reached allowing the newspaper to return to the newsstands. It promised its readers and those who expressed support for The Daily Star to "expect to see some changes in format and style over the coming weeks and months as (the) newspaper tries to revitalize the way it serves its customers." It warned, however, "do not expect us to abandon the essence of our mission which is to provide balanced coverage of this country and the world around it."

16. Background: The Daily Star was founded in June 1952. Its publisher Kamil Mroueh was assassinated in 1966. The newspaper ceased publication twice previously -- between 1977 and 1983, and from 1986 to 1995. Its publisher is a Shi'a Muslim, known for his moderate views and American education. The newspaper is considered a vehicle for young, new, and non-Lebanese journalists who want to start their journalism careers. Its journalists represent all political affiliations and sects, and, it is the only daily English-language, Beirut-based newspaper.

Sison